

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF PENNSYLVANIA**

STEVEN B. GOLDEN ASSOCIATES, INC.,	)	CIVIL ACTION
	)	
	)	NO. 96-2620
	)	
Plaintiff	)	
	)	
vs.	)	
	)	
	)	
BLITZ ART PRODUCTS, INC.,	)	
	)	
	)	
Defendant	)	

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BRUCE BLITZ,	)	CIVIL ACTION
	)	
	)	NO. 96-6865
	)	
Plaintiff	)	
	)	
vs.	)	
	)	
	)	
WALTER FOSTER PUBLISHING, INC.,	)	
	)	
	)	
Defendant	)	

**Consolidated Cases**

**M E M O R A N D U M**

**PADOVA, J.**

June , 1998

The above-captioned actions involve disputes between cartoonist Bruce Blitz and agent/consultant Steven B. Golden Associates, and between Blitz and publisher Walter Foster Publishing, Inc. Blitz, author of a number of cartooning instructional books, and Foster Publishing, noted for producing books on art and art instruction, entered into a Royalty

Agreement in 1990, whereby Blitz granted Foster certain rights to publish and market Blitz's copyrighted works.

Subsequently, in 1991, Blitz entered into a marketing and consulting contract with Steven B. Golden Associates directed toward the marketing of Blitz's works in cartooning kits, a use explicitly not permitted to Foster by the Royalty Agreement between Blitz and Foster.

In 1992, allegedly on Golden's advice, Blitz consented to an Amendment to the Royalty Agreement with Foster which granted Foster the right to publish one of Blitz's books in a reduced format as part of a cartooning kit.

The business relationships between Blitz and Foster and between Blitz and Golden apparently began to deteriorate in 1994, when Blitz learned that Foster was allegedly competing, generally, with Blitz in the sale of cartooning kits, was allegedly exceeding the rights granted in the Royalty Agreement and Amended Royalty Agreement by permitting another publisher to produce unauthorized derivative works from Blitz's copyright protected books, and had allegedly stopped marketing Blitz's books as specifically permitted in the Royalty Agreement, thereby eliminating royalties payable under that contract. Moreover, Blitz also learned that Golden was likewise serving as consultant and agent to Foster, and had allegedly used Blitz's confidential information and creative ideas to assist Foster in competing with Blitz in the sale of cartooning kits.

In 1996, the above-captioned actions were commenced, originally in the Court of Common Pleas of Northampton County and

in the United State District Court for the Central District of California. Via removal, transfer, consolidation and reassignment from another Eastern District judge, both actions are now pending before this Court.<sup>1</sup>

Presently before the Court is Walter Foster Publishing, Inc.'s motion for summary judgment with respect to eight counts of the complaint in the Blitz v. Foster action, all asserting claims under California statutory and common law. Foster contends that these state law claims are preempted by the Copyright Act. For the reasons which follow, Foster's motion will be granted in part and denied in part.<sup>2</sup>

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1. Golden brought the first action against Blitz in the Northampton County Court of Common Pleas, alleging breach of contract arising from Blitz's failure to make payments due under the consulting contract between Golden and Blitz. Blitz removed that action to district court on the basis of diversity of citizenship and counterclaimed against Golden for breach of representations of service, breach of duty of good faith and fair dealing and misappropriation of trade secrets and confidential information.

Blitz subsequently commenced an action against Walter Foster Publishing in district court in California, pursuant to a forum selection clause in their contract. In that action, Blitz alleged violations of federal law (the Copyright Act and the Lanham Act), as well as a plethora of state law claims.

Notwithstanding the forum selection clause and choice of law provisions in the Blitz/Foster contract, the California district judge transferred the case to the Eastern District of Pennsylvania under 28 U.S.C. §1404(a), for the convenience of the parties and witnesses.

2. Although designated a motion for summary judgment, Foster's motion does not rest upon the familiar standards of Fed. R. Civ. P. 56(c), i.e., (1) evidence which demonstrates the absence of material facts in dispute; (2) the undisputed facts, viewed in  
(continued...)

I.           Legal Standards

Pursuant to 17 U.S.C. §102(a) and 106, an original work of authorship which is fixed in any tangible medium of expression from which it can be perceived, reproduced or otherwise communicated, is subject to copyright protection, i.e., the exclusive right of the owner of the copyright to inter alia, reproduce the copyrighted work, prepare derivative works based upon the copyrighted work, distribute copies, transfer ownership, and display the copyrighted work publicly. Copyright ownership, and, hence, protection of the exclusive rights granted by the statute, vests, originally, in the author of a work, but any such rights may be transferred in whole or in part. Id., §201(a), (d)(1). The owner, by authorship or transfer, of any of the enumerated exclusive rights in a copyrighted work is entitled to the complete protection of the statute and to all of the

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2. (...continued)  
the light most favorable to the party opposing the motion and in light of the substantive legal standards which apply to the claim, demonstrate that the moving party is entitled to judgment as a matter of law.

Rather, Foster's motion is based entirely upon the contention that the claims alleged in Counts II, III, VIII, IX, X, XI, XIII and XIV of the complaint are fairly subsumed within federal copyright law, and, therefore, by reason of a broad statutory preemption of such claims, Blitz is not entitled to relief whether or not he can prove the allegations made in those counts of the complaint. Consequently, the true rationale for Foster's motion is the contention that in light of the legal standards applicable in these circumstances, Blitz can prove no set of facts which would entitle him to relief. Thus, the true basis for Foster's motion is that the claims enumerated in the pending motions are not legally viable, regardless of any facts that may be established by the evidence. Consequently, such claims are subject to dismissal rather than summary judgment.

statutory remedies of a copyright owner to the full extent of the right or rights granted or retained. Id., §201(d)(2).

Pursuant to 17 U.S.C. §301(a), however, no other legal or equitable claims equivalent to the exclusive rights within the general scope of copyright protection may be enforced by an action based upon the statutory or common law of any state. Although broad, such preemption provision does not reach claims which involve subject matter not covered by the copyright statute, activities that violate legal or equitable rights that are not equivalent to rights conferred by the copyright statute, or rights and remedies available under any other federal statute. Id., §301(b)(1),(3); (d).

Thus, a state common law or statutory claim is preempted by Section 301 if: (1) the work is within the 'subject matter of copyright' as specified in 17 U.S.C. §§102 and 103; and (2) the rights granted under state law are equivalent to any exclusive rights within the scope of federal copyright as set out in 17 U.S.C. §106.

Gates Rubber Co. v. Bando Chemical Industries, Ltd., 9 F.3d 823 (10th Cir. 1993)(Internal quotation marks and citations omitted).

Conversely, state law claims "which contain elements, such as the invasion of personal rights...that are different in kind from copyright infringement" are not preempted. Wendt v. Host International, Inc., 125 F.3d 806, 810 (9th Cir. 1997), quoting, Waits v. Frito-Lay, Inc., 978 F.2d 1093, 1100 (9th Cir. 1992) and H.R.Rep. No. 1476 94th Cong., 2d Sess. 132, reprinted in 1976 U.S.C.C.A.N. 5659, 5748. As stated by the court in Gates Rubber,

[I]f a state cause of action requires an extra element, beyond mere copying, preparation of derivative works, performance, distribution or display, then the state cause of action is qualitatively different from, and not subsumed within, a copyright infringement claim and federal law will not preempt the state action.

9 F.3d at 847 (Citation omitted).

It is necessary, therefore, to examine each state law claim that Foster contends is preempted to determine whether such claim involves subject matter within the general scope of copyright protection, or contains elements which remove the claim from the realm of copyright protected rights.

## II. Discussion

### A. Breach of Fiduciary Duty, (Count II); Breach of Duty of Service (Count III); Unjust Enrichment, (Count XIII)

Blitz, recognizing that "an extra element" is required to avoid preemption of state law causes of action that assert claims arising from conduct that likewise implicates an invasion of the exclusive rights granted by copyright, argues that Counts II and III of his complaint are derived from his unsophisticated reliance upon Foster's publishing expertise, which purportedly created a fiduciary duty to Blitz on Foster's part. There are, however, several problems with Blitz's position with respect to these claims.

In the first instance, examination of the allegations in Counts II and III of the complaint (¶¶ 90--111), reveals that the "fiduciary duty" to which Blitz refers is based exclusively upon the written agreement of the parties which transfers to

Foster certain of Blitz's exclusive rights in books he authored. Moreover, the breaches of "fiduciary duty" alleged amount to no more than claims that Foster failed to fulfill its duties under the parties' contract, and thereby failed to abide by the limits placed on Foster's use of Blitz's protected works. As such, the allegations in Counts II and III of the complaint are certainly within the subject matter of copyright, and, therefore, are preempted.<sup>3</sup>

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3. Even if the Court concluded that Counts II and III are not entirely preempted by the copyright statute, since these claims also contain allegations that Foster's production of non-Blitz cartooning kits violated an express or implied duty to Blitz to refrain from competing with him in that medium, such claims would nevertheless be subject to dismissal under California law and/or under general summary judgment standards.

As noted by Foster, California law requires more than a contract between two parties to support a cause of action in tort for breach of an implied covenant of good faith and fair dealing, which is the essence of the claims asserted in Counts II and III of the complaint. "California recognizes such torts only in the context of insurance contracts and other contracts where there is a 'special relationship' between the parties to the contract, characterized by elements of public interest, adhesion, and fiduciary responsibility." S.O.S., Inc. v. Payday, Inc., 886 F.2d 1081, 1092 (9th Cir. 1989); see also, Harrell v. 20th Century Insurance Co., 934 F.2d 203 9th Cir. 1991).

Although Blitz alleges, in conclusionary fashion, that Foster somehow assumed a fiduciary role by entering into a contract with him, there are no facts alleged which suggest such a relationship. More to the point, in response to Foster's motion for summary judgment, Blitz failed to come forward with evidence, from the sources enumerated in Fed. R. Civ. P. 56(c), which creates a genuine issue of fact for trial with respect to the existence of a fiduciary relationship between Foster and Blitz.

Finally, examination of the contract itself does not suggest that Foster persuaded Blitz to agree to an inherently unfair or one-sided division of rights and responsibilities, or

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Similarly, in Count XIII, a claim for unjust enrichment under California law, Blitz alleges primarily that Foster's breach of the parties' agreement and failure to adhere to the contractual limits placed on Foster's rights to Blitz's protected works permitted Foster to earn substantial profits from unauthorized use of Blitz's protected works, and from preparation and distribution of unauthorized derivative works. Such claims, which clearly arise from invasion of exclusive rights granted by the copyright statute, have routinely been held to be preempted. See, e.g., Del Madera Properties v. Rhodes and Gardner, Inc., 820 F.2d 973 (9th Cir. 1987); Ehat v. Tanner, 780 F.2d 876 (10th Cir. 1985); Cassway v. Chelsea Historic Properties, No. 92-4124, 1993 WL 64633 (E.D. Pa. March 4, 1993).

- B. Commercial Misappropriation (Count VIII); Contributory Commercial Misappropriation (Count IX); Violation of Right to Privacy (Count X); Contributory Violation of Right to Privacy (Count XI)

Blitz's claims in Counts VIII and IX are based upon §3344(a) of the California Civil Code, while the claims asserted in Counts X and XI are based upon the common law. All such claims, however, arise from Blitz's allegations that Foster not only unlawfully authorized another publisher to prepare

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3. (...continued)  
that Blitz had no opportunity to negotiate terms satisfactory to him, as in a classic contract of adhesion. Indeed, Blitz does not allege that he was harmed by either party's adherence to the contract, or by Foster's reliance upon the terms thereof, but by Foster's alleged breach of the contractual duties allegedly owed to Blitz.



derivative works from one of Blitz's copyright protected books, which allegedly exceeded the publishing rights Blitz granted to Foster, but that Foster also unlawfully authorized the second publisher to use Blitz's name and picture on the derivative works, thus making it appear that Blitz either authored or authorized the works.

California statutory and common law recognizes and protects the personal right of an individual to control commercial exploitation of his/her own name, image, and other distinctive characteristics, i.e., "the right of a person whose identity has commercial value...to control commercial use of that identity." Waits v. Frito-Lay, 978 F.2d at 1098.

Although Blitz implicitly asserts that his ability to profit from his own copyrighted works was damaged by Foster's misappropriation of his name and likeness for use on works that infringed Blitz's copyright, the gravamen of the claims asserted in Counts VIII--XI of the complaint is clearly that Foster's use of Blitz's name and image for its own pecuniary gain, without regard to Blitz's right to exert control over use of his identity, invaded a personal right distinct from the protections provided by federal copyright law for a work of authorship. The Court concludes, therefore, that the claims asserted in the unlawful exploitation of identity counts of the complaint contain the "extra element" needed to avoid federal preemption.

Moreover, the right to exclusive commercial exploitation of identity is not subsumed within a copyright

infringement claim for a more basic reason: neither a person's real name nor his/her distinctive physical features constitute original works of authorship or derivative works as defined in 17 U.S.C. §§102 and 103. Consequently, simple and mechanical application of the two part preemption test described in Gates Rubber and Cassway demonstrates that the first prong of that test, i.e., whether the "work is within the 'subject matter' of copyright," is not met in the context of claims that assert unauthorized use of identity. Thus, Foster's contention that Blitz's misappropriation of identity claims are preempted simply because his name and photograph appear on works that are subject to copyright protection is unavailing. The right to control commercial exploitation of one's own name and image is distinct from the right to control use and distribution of created works, notwithstanding the possibility that both rights might be invaded by the sale or display of a single object.

C. Demand for an Accounting (Count XIV)

Blitz asserts in Count XIV that Foster should be required to account for all income, expenditures and profits derived from activities which allegedly permitted Foster to generate earnings resulting from its alleged copyright infringement, fraudulent inducement, misappropriation of Blitz's identity, breaches of contract, breaches of fiduciary duties, and breaches of duties of good faith, service and fair dealing. Although it is not entirely clear why, in the context of this

case, that claim is either necessary or substantively different from a simple demand for assessment of reasonable and appropriate damages attributable to any claims on which Blitz ultimately prevails, such claim is subject to dismissal on preemption grounds only insofar as the substantive claims on which it is based are preempted. Consequently, Blitz's demand for an accounting will be dismissed to the extent that Blitz seeks to determine Foster's earnings, if any, resulting from its alleged breaches of fiduciary duties and/or breaches of duties of service, good faith and fair dealing, all of which are claims that the Court has determined are preempted.

### III. Summary

Having concluded that the claims asserted in Counts II, III and XIII of the complaint are not qualitatively different from claims based upon violations of copyright, the Court will grant Foster's motion with respect to those claims and will dismiss those counts of the complaint based upon 17 U.S.C. §301(a), the preemption provision of the copyright statute.

Foster's motion will be denied, however, with respect to the claims asserted in Counts VIII--XI of the complaint, since such claims are based upon the invasion of a personal right different in kind from copyright protections.

Count XIV of the complaint will be dismissed only to the extent that Blitz demands an accounting of profits attributable to substantive claims that will be dismissed on

grounds of preemption, Foster's only basis in the pending motion for seeking final disposition of Count XIV. An appropriate order follows.

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**Consolidated Cases**

**PADOVA, J.**

**ORDER**

And now, this                      day of June, 1998, upon consideration of Walter Foster Publishing Inc.'s Motion for Summary Judgment with respect to Counts II, III, VIII, IX, X, XI, XIII, and XIV of the Complaint, (Doc. #25 in Civil Action No. 96-2620; Doc. #30 in Civil Action No. 96-6865), and the response thereto by plaintiff Bruce Blitz, **IT IS HEREBY ORDERED** that the motion is **GRANTED in part** and **DENIED in part**, as described, and for the reasons stated, in the accompanying Memorandum.

**IT IS FURTHER ORDERED** that Counts II, III, and XIII of the complaint are **DISMISSED with prejudice.**

**IT IS FURTHER ORDERED** that Count XIV is **DISMISSED** to the extent that plaintiff demands an accounting for earnings allegedly derived from claims that have been dismissed.

BY THE COURT:

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John R. Padova, J.